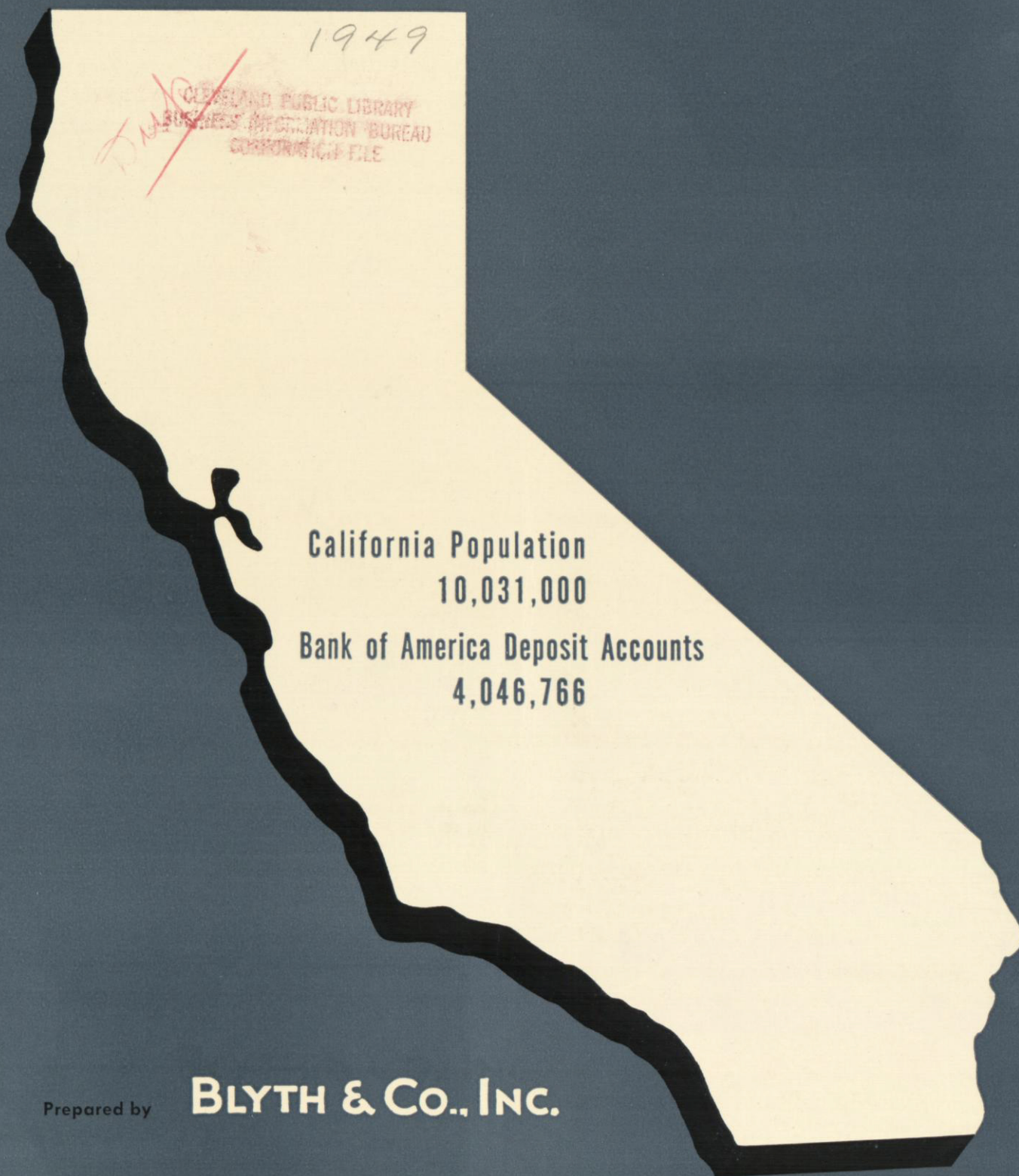


**a report on**

**The Common Stock Record of**

# **BANK OF AMERICA N.T.&S.A.**







**A. P. GIANNINI**     **1870-1949**

*Mr. A. P. Giannini founded the predecessor bank to the present Bank of America N. T. & S. A. in 1904. He was one of the first bankers to advertise aggressively for business and to engage in branch banking operations. Mr. Giannini's vision and ability contributed much to the building of the Bank, which during his lifetime grew to be the world's largest publicly owned bank.*



***Some measures of Bank of America's  
magnitude and breadth of operations:***

Total Resources* . . . . .	\$5,845,128,670
Savings and Time Deposits* . . . . .	\$2,608,591,666
Commercial Deposits* . . . . .	\$2,799,079,905
Total Number of Deposit Accounts† . . . . .	4,046,766
Number of Savings and Time Deposit Accounts† . . . . .	2,631,548
Number of Commercial Deposit Accounts† . . . . .	1,415,218
Loans and Discounts Outstanding* . . . . .	\$2,733,932,854
Number of Loans Outstanding‡ . . . . .	1,523,217
U. S. Government Obligations, State, County, Municipal and Other Bonds Owned* . . . . .	\$1,989,018,572
Number of Branch Banks* . . . . .	520
Number of Employees* . . . . .	14,384
Number of Stockholders*§ . . . . .	146,218

\*As of June 30, 1949

†As of May 23, 1949

‡As of May 31, 1949

§Trustees of a Profit-Sharing Plan were holding shares of stock for approximately 7,700 employees.



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*This report has been prepared by us to set forth some of the facts about Bank of America Common Stock as we view the situation. Blyth & Co., Inc., has maintained an active market in Bank of America shares since 1937 when such shares first became available to the public. We expect that we will continue to maintain an active market in shares of Bank of America and to deal as principals in such shares.*

*While we believe the information contained herein is accurate, we do not guarantee it and it must be accepted without responsibility on our part. We make no representation as to its accuracy or as to the non-existence of other facts which might affect its significance.*

*This booklet is not an offering prospectus, and does not constitute an offer or a solicitation to buy or sell any securities.*

*Sources of information, together with explanation of methods of calculation, are set forth under "Explanatory Notes," page 25 hereof.*

**BLYTH & CO., INC.**  
September, 1949

It is to be noted that in June 1948, the Board of Governors of the Federal Reserve System filed a complaint before itself alleging violation of the Clayton Act by Transamerica Corporation, a stockholder of Bank of America, owning less than 23% of the outstanding shares. The complaint charges that purchases of banks by Transamerica may have had the effect of lessening competition, restraining trade or tending to create a monopoly in the commercial banking business. It seeks a decree restraining Transamerica Corporation from purchasing additional banks and compelling it to dispose of "some or all" of the bank stocks now owned by it. Bank of America is not a party to the proceeding. No relief is sought and no decree could be made against the Bank in the proceeding.



## ***Part I***

# **BANK OF AMERICA OPERATIONS**

## **A Background to an Examination of the Common Stock Record**

### ***The Bank Operates in a Basic Business:***

Because of the fundamental nature of the banking business, and because today it is regulated by governmental safeguards, we believe most domestic banks show inherent tendency towards financial stability, a fact which should lend bank shareholders peace of mind. Several of the older eastern banks, for example, have paid dividends each year for over 100 years, a record indicative of the stable nature of the banking business.

Bank stocks represent participations in one industry that never goes out of fashion—the safeguarding of money and the manufacture and distribution of credit is as important as steel in modern civilization. Banking grows with a nation's growth. Each increase in a nation's population, each advance in manufacturing techniques through capital expenditures, each enhancement of standards of living creates stimulant for additional banking services. The more specialized the society, the greater the need for banking facilities.

Bank of America is the world's largest publicly owned bank. As such, it enjoys a foremost position in this "basic business."

### ***The Bank Maintains Complete Banking Facilities:***

Bank of America conducts a commercial, installment credit, savings, safe deposit and trust business.

Although in such a study as this it is not appropriate to list all facilities, as background material it is of interest to set forth some of the services offered by the Bank.

Deposit activities, in addition to the usual type of commercial and savings deposit services, include a number of kinds of deposit accounts designed to stimulate business with the Bank. In the savings field, for example, the Bank carries Christmas Club deposits, Thrift Club deposits, School Savings deposits, Time deposits and Allotment Savings deposits.



At June 30, 1949, deposits with the Bank amounted to \$5,407,671,571, of which savings and time deposits amounted to \$2,608,591,666 and demand deposits \$2,799,079,905.

The Bank is by far the largest savings bank in the United States. At May 23, 1949, it had about 2,632,000 savings and time accounts, indicating an average savings and time deposit of approximately \$1,000. At the same date demand deposits included approximately 1,415,000 commercial accounts of individuals, partnerships and corporations totaling \$2,143,117,000, indicating an average balance for these accounts of about \$1,500.

The Bank emphasizes that it seeks the business of small depositors as well as large, and the average size of the account indicates success in this endeavor.

Loan activities, in addition to the usual kind of commercial, industrial and real estate loan services, include accounts receivable financing, commodity and warehouse loans, loans to farmers including crop and livestock loans and Timeplan services. This latter activity includes such diversified loan services as automobile financing and repair loans, doctor-patient loans, household appliance and furniture financing, insurance premium financing, home ownership and home repair loans, term loans for small businesses, personal loans, loans to trucking concerns, industrial equipment financing, farm equipment financing, veterans' loans and aircraft financing.

At June 30, 1949, the Bank's loans and discounts amounted to \$2,733,932,854. At May 31, 1949, the Bank had outstanding more than 1,500,000 separate loans indicating the average loan to be approximately \$1,800.

As indication of the scope of the loaning activity, it is noted that at May 31, 1949, the Bank had approximately 255,000 real estate loans, 1,166,000 installment credit loans and 101,000 loans of other types. During the first 5 months of 1949, Bank of America loaned more than 40% of the total volume of consumer credit extended by all commercial banks in the 12th Federal Reserve District and more than 8% of the total extended by all commercial banks in the United States.

At June 30, 1949, the Bank's loans consisted of approximately \$813,000,000 in commercial, industrial and agricultural loans, \$1,435,000,000 in real estate loans and \$486,000,000 in installment credit.

Of real estate loans, including Building Loan Commitments, approximately \$738,888,000, or more than 50% of the total, represented various types of loans insured or guaranteed by the Government.



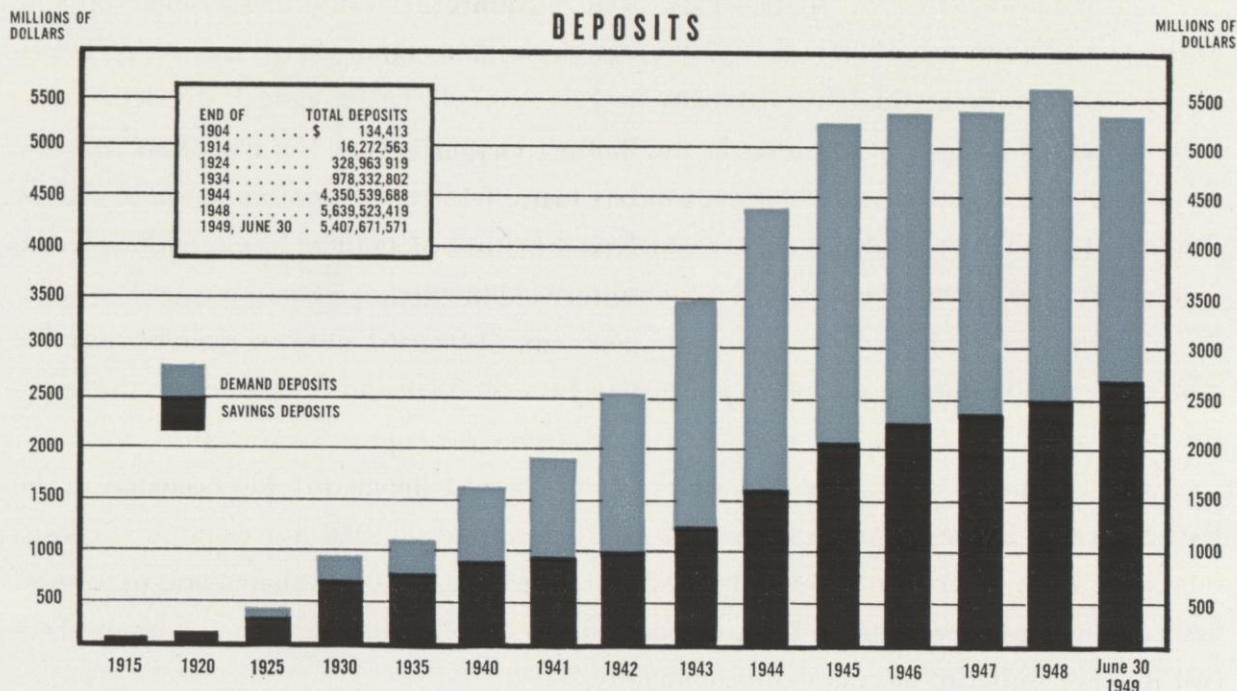
The Bank is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System.

### Branch Banking:

The predecessor of the present Bank of America was organized under California law and began business in San Francisco in 1904 as the "Bank of Italy" (the Bank's present name was adopted in 1930 when Bank of Italy National Trust and Savings Association and Bank of America of California were consolidated into a national banking association). By 1907 the Bank of Italy had opened its first branch.

Today, with forty-two years of branch banking experience and with 520 branches in California as of June 30, 1949, exclusive of banking facilities operated in 16 locations for the convenience of military forces, Bank of America has more branches than any other bank in the United States and is the only statewide bank in California. Two of the cities served by the Bank, San Francisco and Los Angeles, are Federal Reserve cities.

In addition, the Bank operates six branches in foreign cities—London, Manila, Tokyo, Kobe, Yokohama and Shanghai—and has offices in New York, Paris, Milan and Zurich.



The chart shows the deposits since 1915. At May 23, 1949, the average savings and time deposit account amounted to approximately \$1,000 and the average commercial deposit account of individuals, partnerships and corporations to about \$1,500—figures indicative of the broad base of deposit activity.



Bank of America travelers cheques are sold in 5,538 banks, currency exchanges, travel and other agencies throughout the world where this facility for travelers is available.

As will be seen from the map, page 17, the Bank operates branch banks in almost every town of any size in California. On May 23, 1949, the Bank had 4,046,766 deposit accounts throughout California. Since the state's total population at the mid-year 1948 was estimated at 10,031,000 persons, the Bank has approximately one deposit account for every two and one-half persons in the State.

Probably no other single bank in this country has comparable coverage of an area of the size and of the prosperity of California. Under such circumstances the wide diversity in the types of the Bank's loans, together with the Bank's paramount importance to the economic well-being of all Californians, can be readily appreciated.

### ***Growth, the Outstanding Feature of the Bank's History:***

At the time it began operations in 1904 the Bank's total resources amounted to less than \$286,000. Within the 45 years of its operation, total resources have increased many thousands of times to \$5,845,128,670 at June 30, 1949.

It is noted that in 1937, shares of the present Bank of America first became available to the public (between 1928 and 1937 the Bank's shares were almost all owned by Trans-america Corporation,—the latter company in July 1937 declaring a stock dividend to its shareholders of 57% of its holdings in the Bank). From the time the Bank's shares were made available for public purchase growth has continued to be vigorous and, as will be demonstrated in Part II of this report which deals with the Common Stock market record, such growth has been of benefit to the common stockholders.

A tabulation—"A Record of Growth"—has been prepared showing year by year the growth of the Bank from inception in 1904 to June 30, 1949 and is included on the opposite page.

The tabulation shows that a considerable portion of the growth has occurred in the last ten years. From the year-end of 1939 to the year-end of 1948, for example, deposits increased from approximately \$1,482,792,000 to \$5,639,523,000, an increase of around 280%. During the same period of time, deposits of all U. S. banks, as shown by the Federal Reserve Bulletin, increased approximately 135%.



## A Record of Growth

Dec. 31	Total Deposits*	Capital	Surplus and Undivided Profits	Total Resources	Number of Deposit Accounts (Dec. 23)	Number of Banking Offices	Communi- ties Served	Dec. 31
1904	\$ 134,413	\$ 150,000	\$ 1,023	\$ 285,436	①	1	1	1904
1905	703,024	300,000	10,000	1,021,290	①	1	1	1905
1906	1,348,723	500,000	31,564	1,899,947	①	1	1	1906
1907	1,660,324	500,000	46,945	2,221,347	①	2	1	1907
1908	1,728,898	750,000	78,673	2,574,004	①	2	1	1908
1909	2,929,494	750,000	90,820	3,817,217	①	3	2	1909
1910	5,348,151	1,000,000	150,000	6,539,861	①	3	2	1910
1911	7,129,456	1,000,000	201,649	8,379,347	①	3	2	1911
1912	9,916,018	1,000,000	251,437	11,228,814	①	4	3	1912
1913	14,226,242	1,250,000	330,389	15,882,911	①	7	4	1913
1914	16,272,563	1,250,000	350,217	18,030,401	①	7	4	1914
1915	20,474,872	1,250,000	374,243	22,321,860	①	7	4	1915
1916	36,804,775	2,000,000	691,452	39,805,995	①	12	9	1916
1917	72,044,728	3,000,000	1,100,000	77,473,152	①	19	16	1917
1918	85,937,839	5,000,000	2,000,000	93,546,161	①	24	18	1918
1919	127,258,625	6,000,000	2,500,000	137,900,700	①	24	18	1919
1920	140,993,545	9,000,000	3,913,240	157,464,685	①	24	18	1920
1921	177,867,610	10,000,000	5,036,948	194,179,449	①	41	29	1921
1922	229,751,526	15,000,000	7,529,844	254,282,289	①	61	42	1922
1923	276,548,879	15,000,000	8,616,832	301,963,477	①	75	50	1923
1924	328,963,919	17,500,000	10,561,577	358,656,301	548,265	87	57	1924
1925	389,433,242	17,500,000	13,474,172	422,838,587	595,032	98	64	1925
1926	416,656,511	20,000,000	16,928,034	460,981,772	616,313	98	64	1926
1927	645,002,139	37,500,000	25,540,829	765,188,976	1,083,303	289	165	1927
1928	698,435,840	50,000,000	55,756,633	847,910,538	1,139,076	290	166	1928
1929	893,892,733	50,000,000	58,251,158	1,055,113,373	1,444,090	292	166	1929
1930	998,039,477	50,000,000	54,136,374	1,161,895,889	1,625,381	353	185	1930
1931	749,796,772	50,000,000	54,290,312	925,150,152	1,542,783	346	185	1931
1932	700,447,811	50,000,000	49,890,774	876,309,347	1,380,550	345	185	1932
1933	767,817,646	50,000,000	49,591,605	941,001,838	1,357,224	345	187	1933
1934	978,332,802	50,000,000	47,164,341	1,142,323,319	1,547,604	413	193	1934
1935	1,155,265,465	50,000,000	50,867,307	1,277,419,381	1,677,558	421	260	1935
1936	1,298,976,759	50,000,000	55,024,112	1,430,337,201	1,911,035	466	291	1936
1937	1,357,378,756	50,000,000	59,104,964	1,493,373,095	2,123,057	491	307	1937
1938	1,437,027,491	50,000,000	64,058,600	1,574,721,670	2,182,298	494	307	1938
1939	1,482,791,676	50,000,000	66,845,842	1,628,586,278	2,268,843	495	307	1939
1940	1,632,228,397	62,000,000②	82,278,753	1,817,535,186	2,384,551	495	307	1940
1941	1,908,383,921	60,800,000②	83,634,808	2,095,635,619	2,538,783	495	307	1941
1942	2,586,140,699	59,215,920②	83,151,214	2,771,689,632	2,512,805	487	301	1942
1943	3,498,153,210	58,102,920②	87,051,167	3,697,912,674	2,743,231	488③	301	1943
1944	4,350,539,688	68,085,560②	140,779,201	4,609,124,132	3,054,803	491③	304	1944
1945	5,339,307,098	108,085,560②	117,155,495	5,626,063,927	3,316,494	493③	306	1945
1946	5,415,849,714	106,646,375	130,235,547	5,765,525,192	3,619,925	500③	311	1946
1947	5,467,199,162	106,646,375	150,525,935	5,845,817,669	3,815,802	508③	314	1947
1948	5,639,523,419	106,646,375	172,872,254	6,072,913,871	3,978,403	517③	321	1948
June 30					(May 23)			June 30
1949	5,407,671,571	127,975,650	169,303,373	5,845,128,670	4,046,766	520③	322	1949

① Not available.

② Includes Preferred Stock but does not include Reserve for Increase of Common Capital which amounted to \$1,200,000 in 1941, \$2,784,080 in 1942, \$3,897,080 in 1943, and \$3,914,440 in 1944. This Reserve was not needed and was transferred to Undivided Profits on June 15, 1945 concurrently with the payment of a 66⅔% stock dividend. During 1946, 400,327 shares of Preferred Stock (\$8,006,540 Par Value) were converted into 531,710 shares of Common Stock (\$6,646,375 Par Value), and the difference in par value, \$1,360,165, was credited to Surplus Account. The remaining shares of Preferred Stock, 3,951, were retired by call, July 31, 1946.

③ In addition, the Bank was operating 31 "Facilities" at December 31, 1943, 42 at December 30, 1944, 39 at December 31, 1945, 15 at December 31, 1946, and 12 at December 31, 1947, and 1948, and 16 at June 30, 1949.

\* Totals include U. S. War Loan Deposits, which in recent years were as follows on the dates indicated: December 31, 1946, \$63,708,788; December 31, 1947, \$18,526,670; December 31, 1948, \$45,119,675; June 30, 1949, \$35,966,398.



## *The Bank is Operated by a Proven Management:*

As demonstrated by the record, Bank of America began modestly less than 50 years ago and has grown to be the world's largest publicly owned bank. In our opinion, growth is not the result of chance, but is the end product of careful, aggressive leadership. On the record, owners of shares of Bank of America must recognize that their Bank is managed by resourceful and extremely capable businessmen.

Because of the design of management control for the organization, which is composed of men who are in full accord with the Giannini banking principles, and who have worked

with the two Gianninis for many years, the Bank appears assured of continuous stability of purpose and direction.

Heading the management is Mr. L. M. Giannini, son of the founder, who has occupied the post of President since 1936. During his presidency, the Bank's total resources have grown from approximately \$1,400,000,000 to more than \$5,800,000,000, an increase of more than 300%. Prior to 1936 Mr. L. M. Giannini was Senior Vice President. He has been with the Bank since 1918.

Mr. A. J. Gock is Chairman of the Board and an active officer in the management. He has been with the Bank since 1912. In the early 1930's Mr. Gock was made Vice Chairman of the Board. In 1939 he was made administrative head of the Bank's affairs in Southern California. He has held his present office since 1945.



**L. M. GIANNINI, PRESIDENT OF THE BANK**

*Mr. Giannini has been President of the Bank since 1936. During his presidency the Bank's total resources have increased over 300% to more than \$5,800,000,000 at June 30, 1949.*

Mr. Fred A. Ferroggiaro, the Senior Vice Chairman of the Board, has been with the Bank since 1906. Mr. Ferroggiaro was made Vice President in 1928 and Executive Vice President in 1939. In 1940 he assumed overall supervision of loan activities and later was made Chairman of the General Finance Committee.



The Bank's directorate and the directors' advisory council (the council meets with the directors each month) are:

#### DIRECTORS

A. J. GOCK, Chairman

S. C. BEISE  
WHELOCK H. BINGHAM  
W. E. BLAUER  
LEON BOCQUERAZ  
DR. G. E. CAGLIERI  
JOS. CEREGHINO  
JOHN A. COROTTO  
LOUIS FERRARI

F. A. FERROGGIARO  
L. M. GIANNINI  
MARSHALL HALE, JR.  
C. N. HAWKINS  
CLAIRE GIANNINI HOFFMAN  
ERIC A. JOHNSTON  
A. J. LUNDBERG  
JOHN E. MARBLE

H. A. MAZZERA  
WM. WALLACE MEIN  
NEIL PETREE  
ANGELO PETRI  
A. E. SBARBORO  
E. R. THURBER  
C. F. WENTE  
J. ZENTNER

#### DIRECTORS' ADVISORY COUNCIL

W. J. BRAUNSCHWEIGER  
F. W. FLINT, JR.  
P. C. HALE, JR.  
WM. RHODES HERVEY

ROBERT E. HUNTER  
E. A. MATTISON  
HENRY S. McKEE  
G. J. PANARIO  
CHARLES H. QUINN

J. H. ROSENBERG  
R. G. SMITH  
S. B. STEWART, JR.  
DR. CELESTINE J. SULLIVAN

The Board of Directors has appointed a Managing Committee which, subject to review and approval of its acts by the General Executive Committee and the Board of Directors, exercises the powers and performs the duties of the General Executive Committee during the monthly intervals between meetings of the latter group. This committee is currently made up of the following members:

L. M. GIANNINI, President  
S. C. BEISE, Executive Vice President, Coordinator of Administration  
W. J. BRAUNSCHWEIGER, Executive Vice President, Chairman of Public Relations Committee  
R. P. A. EVERARD, Assistant to the President  
FRED A. FERROGGIARO, Senior Vice Chairman of the Board  
A. J. GOCK, Chairman of the Board

E. A. MATTISON, Executive Vice President, Development of Bank Services  
R. G. SMITH, Executive Vice President, International Banking  
SAM B. STEWART, JR., Vice President and General Counsel  
JESSE W. TAPP, Vice President, Loans and Investments

Each of the Bank's branches is directed by a branch manager who, within limitations, is permitted to make loan decisions without the necessity of consulting headquarters. Branch managers, of course, look for guidance and information from the main offices—and by such means the operations are standardized.

To keep more fully informed on local affairs, many of the rural branches maintain advisory boards which meet with branch managers and advise on local business and outlook for loaning activity.

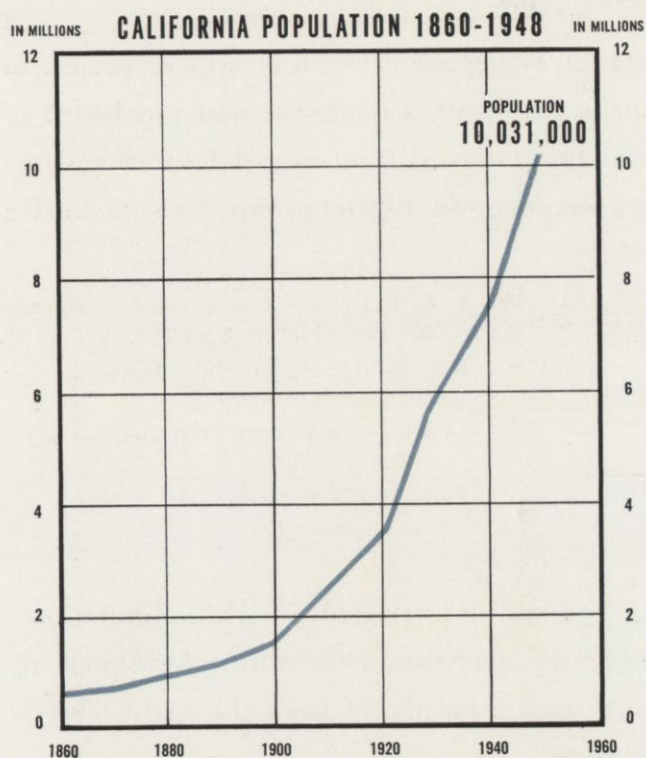
At June 30, 1949, the Bank had 175 active Advisory Boards comprising a total membership of approximately 1,050, the majority of whom are representative business men, farmers, and professional men in their respective communities.



The Bank's total staff of active employees numbers somewhat in excess of 14,000. Through an employees' profit-sharing bonus plan, employees are given the opportunity to become shareholders of the Bank. From the plan's inception in 1938 to June 30, 1949, 497,090 shares of stock had been acquired for the employees' profit-sharing plan.

### ***The Bank Serves California, an Area of Economic Diversity:***

It is well known that California's population has increased at a rapid rate—from less than two and one-half million in 1910 to slightly more than ten million at the end of 1948. The aggregate of individual incomes in California also has progressed rapidly, reaching an estimated 17 billion dollars in 1948. Such growth and prosperity have influenced the progress of the Bank and, among other things, are responsible for its size today.



Source: U. S. Bureau of Census, 1860-1940. Census estimate 1948.

There is much diversity of economic activity in California. For example, a 1948 breakdown of the activity of the 4,085,000 civilians employed within the State indicates that no one business or activity dominated the economic scene:

Industry Division	Av. 1948	Per Cent
Agriculture, Forestry and Fishing .....	413,000	10.1%
Mining (including oil) .....	39,000	.9
Construction .....	248,000	6.1
Manufacturing .....	756,000	18.6
Utilities .....	327,000	8.0
Trade .....	976,000	23.8
Finance .....	178,000	4.4
Service .....	653,000	16.0
Government .....	495,000	12.1
<b>Total .....</b>	<b>4,085,000</b>	<b>100.0%</b>

Within each industry division there is also diversity. In the agricultural division, for example, a breakdown of California's 1948 gross cash farm crop of approximately \$2,200,000,000 indicates that fruits and nuts were valued at about \$401,351,000, field crops at about \$641,777,000, truck crops at about \$276,459,000, livestock and products at about \$794,743,000, the balance being contributed by miscellaneous sources.

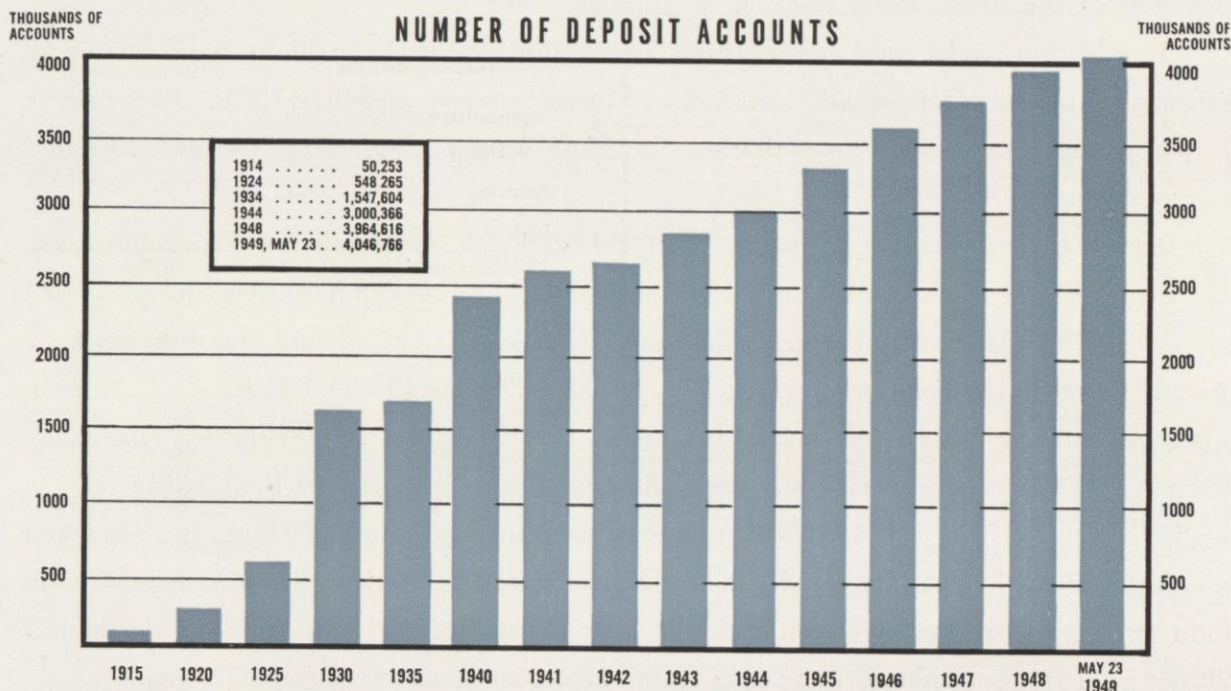


Other diversified products include petroleum and petroleum products, paper and paper products, chemicals, aircraft, iron and steel, electrical machinery and equipment, automobile assembly plants, motion pictures and women's apparel. The tourist trade is exceptionally heavy.

As an indication of the State's economic health, it is noted that California's per capita income is approximately 25% above the national average. As an indication of aggregate wealth, it is observed that the State is first among the states in automobile registration, and that during the past three years about 12 per cent of the nation's total sales of automobiles and automotive equipment has been made in the State.

In terms of population, California is now the third largest state in the Union (being exceeded only by New York and Pennsylvania). In terms of aggregate individual income it is the second largest state (being exceeded only by New York).

Such diversity of economic activity, indicated population trend and general overall prosperity form the setting for Bank of America's operations. As set forth in preceding paragraphs, the Bank operates throughout the State; it has one deposit account for every two and one-half California residents and in May of 1949 had more than 1,500,000 separate loans outstanding. Under these conditions, it would appear that owners of Bank of America



The chart shows the number of deposit accounts from 1915. At May 23, 1949, the Bank had 2,631,548 savings and time deposit accounts and 1,415,218 commercial deposit accounts. The Bank has approximately one deposit account for every two and one-half persons in California.



shares in effect have a financial interest in the State's economic activities of every type. It is doubtful whether any other common stock represents a comparable diversity of interest in California affairs.

### **Capitalization and Reserves:**

At June 30, 1949, the most recent date on which the Comptroller of Currency called for a statement of bank conditions, the Bank's capital funds were reported as follows:

Capital .....	\$127,975,650
Surplus .....	111,650,000
Undivided Profits.....	57,653,373
Reserves .....	4,778,310
Total Capital Funds.....	<u>\$302,057,333</u>

At the same date, the Bank had authorized and outstanding 10,238,052 shares of common stock. The Bank has no other securities authorized or issued, so that the common shares represent complete ownership of the business. The Bank's shares are owned by approximately 146,000 shareholders of whom about 76% are resident in California. Trustees of a Profit-Sharing Plan were holding shares of stock for approximately 7,700 employees. The largest single shareholder is Transamerica Corporation, which owned 22.89 per cent of the outstanding stock as of June 30, 1949.

In addition to the total capital funds above indicated, at June 30 the Bank carried an account "Reserve for Possible Loan Losses" in the amount of \$40,047,120. This reserve is to apply against any loan losses that may develop in the future; it has not been allocated to any particular loans or type of loans.

By way of history, in 1937 capitalization consisted of 4,000,000 shares of common stock. In May, 1940, the Bank offered and sold 600,000 shares of \$2 dividend convertible preferred stock for \$30,000,000, all of which stock was retired or converted into common stock by July 31, 1946. In December, 1944, the Bank offered and sold 800,000 shares of common stock for which it realized somewhat in excess of \$41,000,000. Following this latter sale, outstanding common shares numbered 4,800,000; on such shares the Bank paid a 66 $\frac{2}{3}$ % stock dividend in June, 1945, increasing the outstanding shares to 8,000,000. In 1946 when the Bank called the then outstanding convertible preferred stock, 531,710 shares of common were issued in exchange for preferred shares. In March, 1949, the Bank declared a 20 per cent stock dividend, increasing the outstanding shares to 10,238,052.

A computation of the source of the \$177,189,627 capital fund increase in the period 1937-1948 is included on page 30.

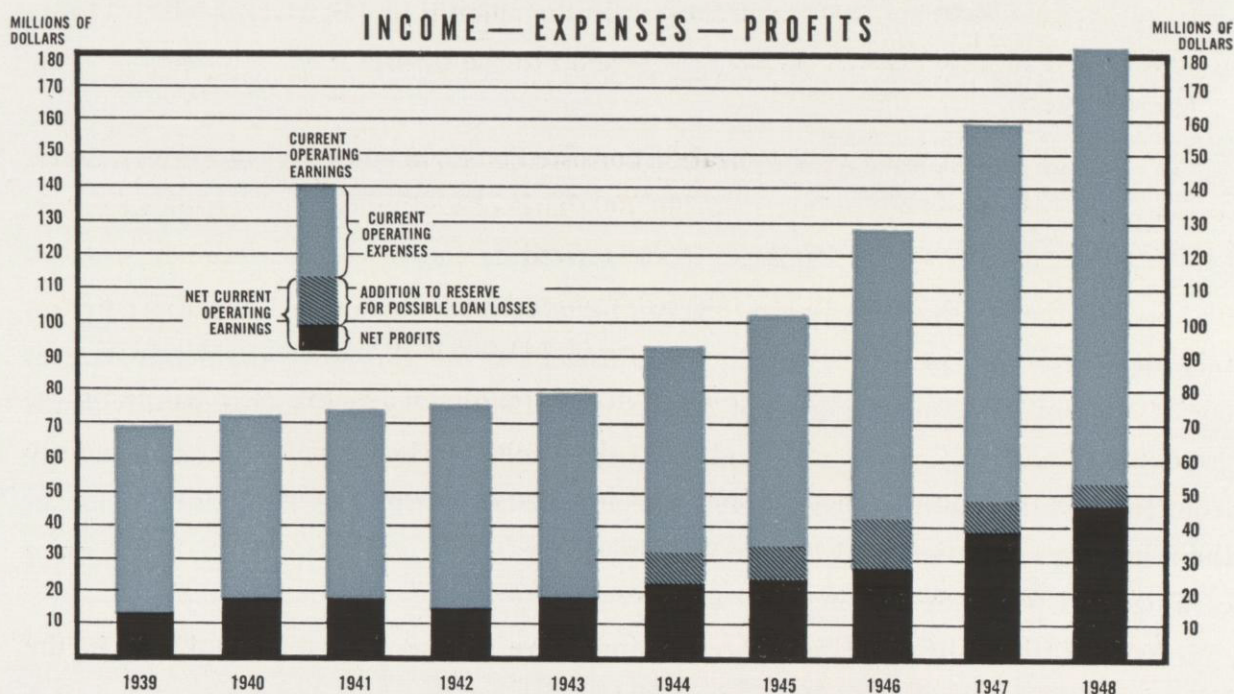


The record of outstanding shares from 1937 to date is outlined in the following tabulation.

Year	Shares Outstanding at December 31		Comment
	Common	Preferred	
1949 (June 30) . . . . .	10,238,052	—	Declared 20% stock dividend on 8,531,710 shares common stock then outstanding.
1948 . . . . .	8,531,710	—	
1947 . . . . .	8,531,710	—	
1946 . . . . .	8,531,710	—	Called the convertible preferred stock for redemption. As a result, 400,327 shares of convertible preferred stock were converted into 531,710 shares of common stock. The remainder of the issue, or 3,951 shares, was redeemed.
1945 . . . . .	8,000,000	404,278	Declared 66⅔% stock dividend on 4,800,000 shares of common stock then outstanding.
1944 . . . . .	4,800,000	404,278	Sold 800,000 shares of common stock. Purchased and retired 868 shares of convertible preferred stock.
1943 . . . . .	4,000,000	405,146	Purchased and retired 55,650 shares of convertible preferred stock.
1942 . . . . .	4,000,000	460,796	Purchased and retired 79,204 shares of convertible preferred stock.
1941 . . . . .	4,000,000	540,000	Purchased and retired 60,000 shares of convertible preferred stock.
1940 . . . . .	4,000,000	600,000	Sold 600,000 shares of convertible preferred stock.
1939 . . . . .	4,000,000	—	
1938 . . . . .	4,000,000	—	
1937 . . . . .	4,000,000	—	

### Earnings for Common Stock:

For the year ending December 31, 1948, the Bank realized \$180,181,715 of operating earnings (before all expenses), of which approximately \$124,161,602 (or 69%) was



The chart shows a breakdown of the Bank's earnings, 1939-1948.



derived from interest on loans; \$29,968,341 (or 16½%) from interest and dividends on securities (after amortization) and net profits from sales of securities, and \$26,051,772 from other current operating earnings. Net profits for the year amounted to \$47,052,572. A three-year Summary of Earnings, showing sources of current operating earnings and expenses, is included on page 29.

Between 1937 and 1948 operating earnings increased about 220%, and net profits about 265%.

A condensed summary of earnings, 1937 to 1948, follows:

#### CONDENSED SUMMARY OF EARNINGS—1937-1948

Year Ended Dec. 31	Operating Earnings*	Operating Expenses	Net Operating Earnings	Addition to Reserve for Possible Loan Losses	Net Profits	Preferred Stock Dividends	Available for Common Stock	Indicated Earnings per Share Common Stock (Unadjusted for Stock Dividends)
Figures in thousands								
1948†	\$180,182	\$128,359	\$51,823	\$ 4,771	\$47,053	—	\$47,053	\$5.51①
1947†	159,876	112,285	47,591	8,000	39,591	—	39,591	4.64①
1946†	127,152	84,493	42,659	13,696	28,963	\$ 20	28,943	3.39①
1945†	100,613	67,190	33,423	9,543	23,881	809	23,072	2.88②
1944†	90,790	58,554	32,237	10,009	22,228	809	21,419	5.35③
1943	78,334	59,157	19,177	—	19,177	812	18,365	4.59④
1942	73,553	56,602	16,950	—	16,950	929	16,022	4.01④
1941	73,477	55,755	17,722	—	17,722	1,081	16,641	4.16④
1940	71,081	53,331	17,750	—	17,750	666	17,084	4.27④
1939	69,024	56,637	12,387	—	12,387	—	12,387	3.10④
1938	63,686	49,132	14,554	—	14,554	—	14,554	3.64④
1937	56,394	43,513	12,881	—	12,881	—	12,881	3.22④

\* Includes net profits from sales of securities (see footnote on page 29).

† Earnings figures for each of these years exclude Loan Losses, which are charged against "Reserve for Possible Loan Losses" (see footnote on page 29).

① Based on 8,531,710 shares then outstanding.

② Based on 8,000,000 shares. In June 1945 a 66% stock dividend was paid, increasing outstanding shares from 4,800,000 to 8,000,000.

③ Based on 4,000,000 shares. In December 1944 800,000 shares were issued. Earnings per share based on 4,800,000 shares would have been \$4.46.

④ Based on 4,000,000 shares then outstanding.

So that the per share earning record can be more readily compared, the above figures relating to earnings per share should be adjusted for the two stock dividends—one of 66% paid in 1945, and the other of 20% paid in 1949. Together, such stock dividends are equal to one 100% stock dividend to all shareholders who owned stock continuously from June 12, 1945 to March 10, 1949. The adjusted share earnings are set forth below in the following tabulation, which table also shows the difference between 1948 per share earnings and per share earnings in earlier years.

As set forth in the table, per share earnings have increased more than 150% in the last ten years, and more than 100% since 1944.



## SHARE EARNINGS ADJUSTED FOR STOCK DIVIDENDS

Year	Adjusted Earnings per Share Common Stock	Increase in 1948 Share Earnings	Percentage of Increase in 1948 Share Earnings	Term of Years
1948.....	\$4.59	\$ —	— %	—
1947.....	3.87	0.72	18.60	1
1946.....	2.83	1.76	62.19	2
1945.....	2.40	2.19	91.25	3
1944.....	2.23	2.36	105.83	4
1943.....	2.30	2.29	99.57	5
1942.....	2.00	2.59	129.50	6
1941.....	2.08	2.51	120.67	7
1940.....	2.14	2.45	114.49	8
1939.....	1.55	3.04	196.13	9
1938.....	1.82	2.77	152.20	10
1937.....	1.61	2.98	185.09	11

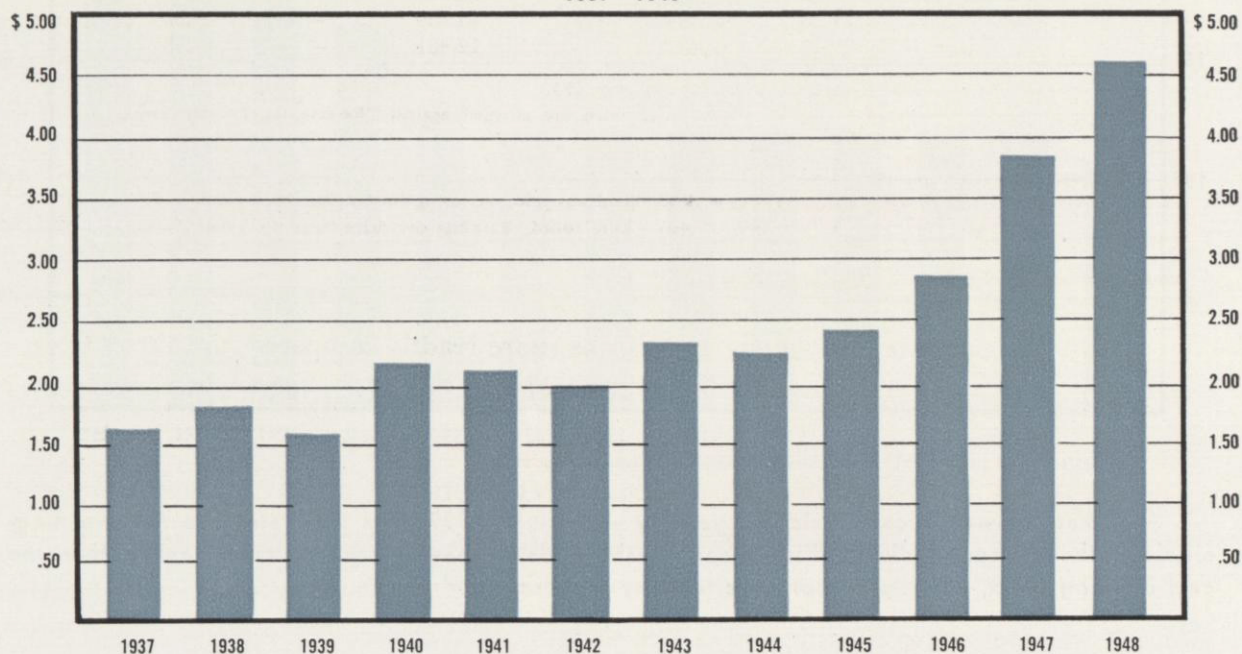
For the first six months of 1949, earnings amounted to \$3.00 per share. Loan losses for this period, amounting to \$1,458,393, were charged to "Reserve for Possible Loan Losses," to which reserve an annual allocation is customarily made at the year-end for losses which may develop in the future.

A summary statement comparing earnings for the first six months of 1949 and 1948 is included on page 30.

## EARNINGS PER SHARE OF COMMON STOCK

(Adjusted for Stock Dividends)

1937—1948



The chart shows earnings per share of common stock since 1937. Between the fiscal years 1937 and 1948, a period of eleven years, common share earnings increased 185 per cent; between 1945 and 1948, a period of three years, the increase amounted to 91 per cent.



### **Dividends on Common Stock:**

The Bank has paid a cash dividend on its common stock each year since 1905, with the exception of 1932. Through stock dividends and higher cash dividends, five increases in the annual rate of cash dividends have occurred since 1944 (assuming a \$2.50 annual dividend rate for 1949 based on the June payment of \$1.25 per share).

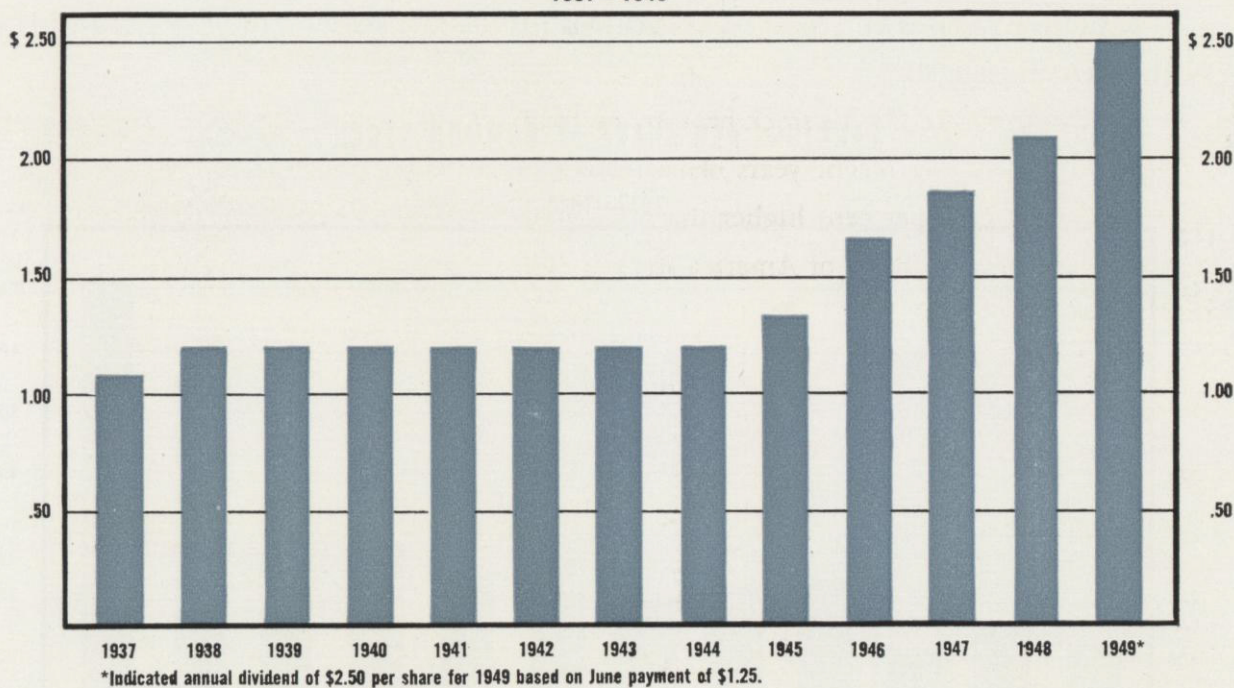
The reported record of dividends per share of common stock since 1937 has been: 1937—\$2.20 (based on 4,000,000 shares); 1938 to 1944—\$2.40 per year; 1945—a 66⅔% stock dividend on June 15, 1945 plus \$1.60; 1946—\$2.00; 1947—\$2.25; 1948—\$2.50; 1949 indicated rate of \$2.50 based on June payment, also 20% stock dividend on April 15, 1949.

So that the per share cash dividends can be more readily compared adjustments should be made for the two stock dividends. This has been done in the following tabulation, which

#### **CASH DIVIDENDS PER SHARE OF COMMON STOCK**

(Adjusted for Stock Dividends)

1937—1949\*



The chart shows the cash dividends year by year since 1937, and illustrates the relative magnitude of the five recent dividend increases. Cash dividends have increased more rapidly than the cost of living index, a fact of importance to many investors.



shows that the probable 1949 rate of \$2.50 a share is more than double the rate paid in each of the eight years, 1937-1944, and is from 20 to 88 per cent higher than the rate paid in each of the years 1945-1948.

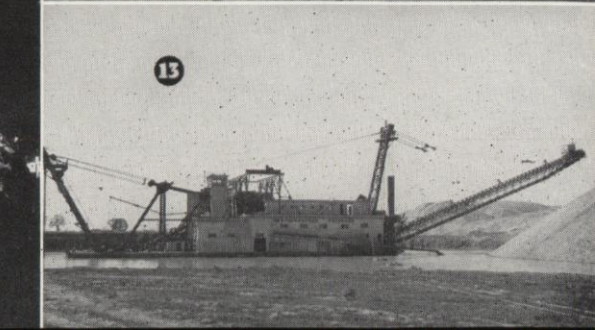
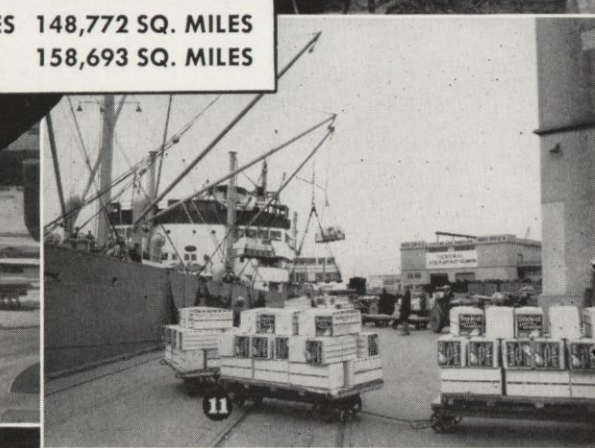
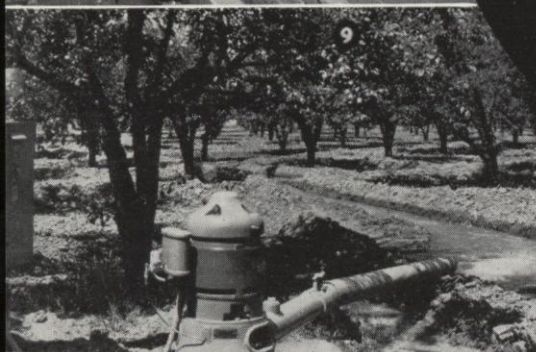
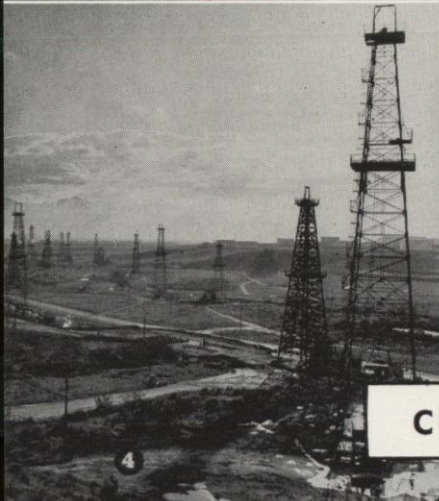
#### CASH DIVIDENDS ADJUSTED FOR STOCK DIVIDENDS

Year	Cash Dividends per Share Common Stock	Increase in 1949 Indicated Dividend*	Percentage of Increase in 1949 Indicated Dividend*	Term of Years
1949.....	\$2.50*	\$ —	— %	—
1948.....	2.08	0.42	20.19	1
1947.....	1.88	0.62	32.98	2
1946.....	1.67	0.83	49.70	3
1945.....	1.33	1.17	87.97	4
1944.....	1.20	1.30	108.33	5
1943.....	1.20	1.30	108.33	6
1942.....	1.20	1.30	108.33	7
1941.....	1.20	1.30	108.33	8
1940.....	1.20	1.30	108.33	9
1939.....	1.20	1.30	108.33	10
1938.....	1.20	1.30	108.33	11
1937.....	1.10	1.40	127.27	12

\* Probable annual rate as indicated by June payment of \$1.25 per share.

Dividends on the Bank's stock have more than maintained the purchasing power of income dollars during recent years of rising prices. Whereas the cost of living in early 1949 was about 61.5 per cent higher than the January 1939 average, the 1949 indicated cash dividend rate on Bank of America stock is 108 per cent higher than the 1939 dividend rate.



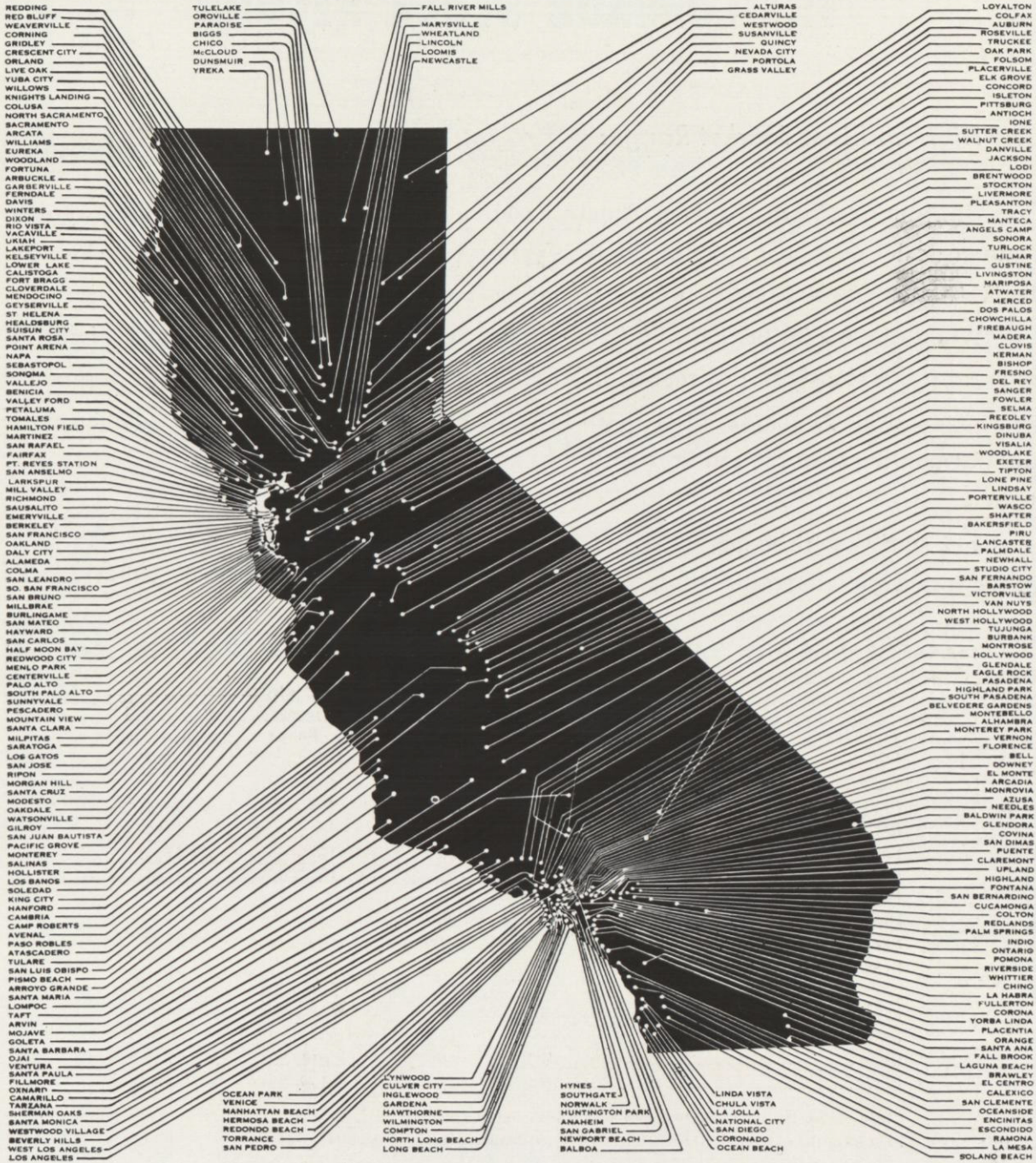


- Scenes showing some of California's economic activities:
1. Cotton from the San Joaquin and Sacramento Valleys.
  2. Vineyards.
  3. Large Industrial Plant.
  4. Oil Wells.
  5. Winery Cellar.
  6. Lumber.
  7. Airframe Manufacture.
  8. Bing Crosby on Movie Set, for "Top O' the Morning."
  9. Irrigated Orchard.
  10. Steel Mill.
  11. Shipping.
  12. Refinery.
  13. Gold Dredging.



# Bank of America *California's Statewide Bank*

NATIONAL TRUST AND SAVINGS ASSOCIATION





## Part II

# THE COMMON STOCK RECORD

### *The High and Low Market Range:*

On June 30, 1949, Bank of America common stock was quoted in the over-the-counter dealer market at approximately  $39\frac{1}{4}$ – $40\frac{3}{4}$ . This date has been selected since the Bank's Statement of Condition at that date has been utilized in other parts of this study.

When the market price of the Bank's shares are adjusted for the two stock dividends referred to previously in this report, it is found that the June 30, 1949, price represents an increase over the market price in all full calendar years previous to 1949 (when stock was outstanding with the public), with the exception of the market highs for 1945 and 1946.

The statistics of the market record for Bank of America common stock are set forth in the following tabulation:

MARKET RANGE AND "LAST" FOR THE YEAR—1937 to 1948 and for June 30, 1949

Year	Adjusted* Market Range		Adjusted* "Last" for Year	Unadjusted Market Range		Unadjusted "Last" for Year
	High	Low		High	Low	
June 30, 1949†.....	$40\frac{3}{4}$	$39\frac{1}{4}$		$40\frac{3}{4}$	$39\frac{1}{4}$	
1948 .....	39	$32\frac{1}{2}$	34	$46\frac{3}{4}$	39	$40\frac{3}{4}$
1947 .....	39	$33\frac{1}{8}$	$37\frac{7}{8}$	$46\frac{3}{4}$	$39\frac{3}{4}$	$45\frac{1}{2}$
1946 .....	$45\frac{3}{8}$	34	$39\frac{1}{8}$	$54\frac{1}{2}$	$40\frac{3}{4}$	47
1945 after June 12.....	$41\frac{1}{4}$	$30\frac{1}{2}$	$39\frac{5}{8}$	$49\frac{1}{2}$	$36\frac{5}{8}$	$47\frac{1}{2}$
1945 prior to June 12.....	$32\frac{1}{2}$	$26\frac{1}{8}$	—	65	$52\frac{1}{4}$	—
1944 .....	$27\frac{1}{4}$	$21\frac{7}{8}$	$26\frac{1}{8}$	$54\frac{1}{2}$	$43\frac{7}{8}$	$52\frac{1}{4}$
1943 .....	$22\frac{7}{8}$	$16\frac{1}{2}$	$21\frac{7}{8}$	$45\frac{3}{4}$	33	$43\frac{3}{4}$
1942 .....	$18\frac{1}{4}$	$13\frac{7}{8}$	17	$36\frac{1}{2}$	$27\frac{5}{8}$	34
1941 .....	$19\frac{3}{8}$	$16\frac{1}{4}$	$17\frac{1}{8}$	$38\frac{3}{4}$	$32\frac{1}{2}$	$34\frac{1}{4}$
1940 .....	$20\frac{1}{4}$	$15\frac{1}{8}$	$19\frac{3}{8}$	$40\frac{1}{2}$	$30\frac{1}{4}$	$38\frac{3}{4}$
1939 .....	$19\frac{1}{2}$	15	$17\frac{7}{8}$	39	30	$35\frac{3}{4}$
1938 .....	$25\frac{1}{4}$	$14\frac{7}{8}$	$18\frac{1}{2}$	$50\frac{1}{2}$	$29\frac{3}{4}$	37
1937 .....	$30\frac{1}{2}$	$19\frac{1}{4}$	23	61	$38\frac{1}{2}$	46

\*Adjusted for the two stock dividends, one in 1945 and one in 1949.

†The over-the-counter dealer market at Aug. 30, 1949 was approximately  $42\frac{1}{2}$ –44.

So that the market results from purchases of the Bank's stock in years prior to 1949 can be compared with the recent June 30, 1949 market value, the market range of the prior years has been related to the June 30, 1949 market value in the following tabulation,



"Percentage Increase of Market Value at June 30, 1949 over Adjusted Market Values in Prior Years." This tabulation shows, for example, that the market for the Bank's shares on June 30, 1949 was 103.85% higher than the highest market value of 1939, 165% higher than the lowest market value for the same year, and 122.38% higher than the "last" for the year. Similar computations are shown for each year since 1937.

**PERCENTAGE INCREASE OF MARKET VALUE AT JUNE 30, 1949\*  
OVER ADJUSTED† MARKET VALUES IN PRIOR YEARS**

Year of Purchase	Assuming Purchase Made at:		
	Market High of the Year	Market Low of the Year	"Last" of the Year
1948 .....	1.92%	22.31%	16.91%
1947 .....	1.92	20.00	4.95
1946 .....	(12.40)	16.91	1.60
1945 .....	(3.64)	52.15	0.03
1944 .....	45.87	81.71	52.15
1943 .....	73.77	140.91	81.71
1942 .....	117.81	186.49	133.82
1941 .....	105.16	144.62	132.12
1940 .....	96.30	162.81	105.16
1939 .....	103.85	165.00	122.38
1938 .....	57.43	167.23	114.86
1937 .....	30.33	106.49	72.83

\*A medium price of 39¾ has been used for the June 30, 1949 market value.

†Adjusted for the two stock dividends, one in 1945 and one in 1949.

( ) Indicates percentage decrease.

From the above record, it is evident that investors in the Bank's shares who have owned and held shares for a reasonable period of years have, with two exceptions, experienced higher market values.

The table indicates, among other relationships, that market value at June 30, 1949, was 30.33% higher than the adjusted highest market value of 1937, 117.81% higher than the adjusted market high of 1942 but 12.40% lower than the adjusted market high for 1946.

The table also shows that if the holder of Bank of America shares acquired holdings at the adjusted respective market lows for any year in the period 1937-1948, on June 30, 1949 such shares would have had greater market value than at the time of purchase, in one case as much as 186.49% greater.

If purchases were made at the year-end "last" for any year 1937-1948, the June 30, 1949 market value would have been greater than the adjusted purchase price.



### *Dividend Yields Based on the Market Range of Stock:*

Based on the 1949 indicated annual dividend of \$2.50 per share (the June 1949 payment was \$1.25 per share), and on the market value of shares at June 30, 1949, Bank of America stock yielded somewhat more than 6%.

With only a few exceptions the 1949 indicated dividend rate represents a yield of considerably more than 6% to present owners of stock who acquired such shares at any time during the period 1937 to June 30, 1949. This fact is illustrated in the tabulation "An Analysis of the Yearly Dividend Yield on the Common Stock," appearing on the opposite page, which tabulation should be read from left to right. The tabulation shows yields, year by year, assuming that the Bank's shares were purchased at one of three bases, namely: at the market "high" for the year, the market "low" for the year or at the "last" for the year.

The tabulation indicates, for example, that if stock had been purchased at the market high in 1942 (Example I), the dividend yield at the time of purchase would have been 6.58%. In 1945 the Bank increased its dividend rate and if the stock purchased in 1942 was still held, the yield on the original purchase price would have increased to 7.29%. In 1946 the yield would have increased to 9.15%, in 1947 to 10.30%, in 1948 to 11.40% and in 1949 to an indicated 13.70%. If stock had been purchased at the market low in 1942 (Example II) the initial yield would have been 8.65% compared to the indicated 1949 yield of 18.02%. The year 1942 was the most favorable year in which to purchase the Bank's stocks to date, insofar as dividend yields are concerned.

If stock had been purchased in 1946, and still held, the present yields would be between 5.51% (if purchased at the market high of the year) and 7.35% (if purchased at the market low of the year). The year 1946 was the least favorable year to purchase stock to date, insofar as dividend yields are concerned.

In whichever year the Bank's stock was purchased since 1937, due to the five increases in dividends in the last five years, yields today are higher than the yield on the date of purchase.

It would appear from an examination of the tabulation that shareholders who have purchased and held Bank of America shares have had a most favorable dividend experience. As pointed out in Part I of this study, Bank of America dividends have more than kept pace with the cost of living, a fact of importance to many investors.



# An Analysis of the Yearly Dividend Yield on the Common Stock\*

(To be read from left to right)

## Example I. On the Basis that the Stock was Purchased at the Market "High" for the Year:

Year in Which Purchase Made	Yield for Year (Based on Purchase Price)												
	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949†
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1937...	3.61	3.93	3.93	3.93	3.93	3.93	3.93	3.93	4.36	5.48	6.16	6.82	8.20
1938.....		4.75	4.75	4.75	4.75	4.75	4.75	4.75	5.27	6.61	7.44	8.24	9.90
1939.....			6.15	6.15	6.15	6.15	6.15	6.15	6.82	8.56	9.64	10.67	12.82
1940.....				5.93	5.93	5.93	5.93	5.93	6.57	8.25	9.28	10.27	12.35
1941.....					6.19	6.19	6.19	6.19	6.86	8.62	9.70	10.74	12.90
1942.....						6.58	6.58	6.58	7.29	9.15	10.30	11.40	13.70
1943.....							5.25	5.25	5.81	7.30	8.22	9.09	10.93
1944.....								4.40	4.88	6.13	6.90	7.63	9.17
1945.....									3.22	4.05	4.56	5.04	6.06
1946.....										3.68	4.14	4.59	5.51
1947.....											4.82	5.33	6.41
1948.....												5.33	6.41

## Example II. On the Basis that the Stock was Purchased at the Market "Low" for the Year:

	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1937...	5.71	6.23	6.23	6.23	6.23	6.23	6.23	6.23	6.91	8.68	9.77	10.81	12.99
1938.....		8.07	8.07	8.07	8.07	8.07	8.07	8.07	8.94	11.23	12.64	13.98	16.81
1939.....			8.00	8.00	8.00	8.00	8.00	8.00	8.87	11.13	12.53	13.87	16.67
1940.....				7.93	7.93	7.93	7.93	7.93	8.79	11.04	12.43	13.75	16.53
1941.....					7.38	7.38	7.38	7.38	8.18	10.28	11.57	12.80	15.38
1942.....						8.65	8.65	8.65	9.59	12.04	13.55	14.99	18.02
1943.....							7.27	7.27	8.06	10.12	11.39	12.61	15.15
1944.....								5.48	6.08	7.63	8.59	9.51	11.43
1945.....									5.09	6.39	7.20	7.96	9.57
1946.....										4.91	5.53	6.12	7.35
1947.....											5.68	6.28	7.55
1948.....												6.40	7.69

## Example III. On the Basis that the Stock was Purchased at the "Last" for the Year:

	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
1937...	4.78	5.22	5.22	5.22	5.22	5.22	5.22	5.22	5.78	7.26	8.17	9.04	10.87
1938.....		6.49	6.49	6.49	6.49	6.49	6.49	6.49	7.19	9.03	10.16	11.24	13.51
1939.....			6.71	6.71	6.71	6.71	6.71	6.71	7.44	9.34	10.52	11.64	13.99
1940.....				6.19	6.19	6.19	6.19	6.19	6.86	8.62	9.70	10.74	12.90
1941.....					7.01	7.01	7.01	7.01	7.77	9.75	10.98	12.15	14.60
1942.....						7.06	7.06	7.06	7.82	9.82	11.06	12.24	14.71
1943.....							5.49	5.49	6.08	7.63	8.59	9.51	11.43
1944.....								4.59	5.09	6.39	7.20	7.96	9.57
1945.....									3.36	4.21	4.74	5.25	6.31
1946.....										4.27	4.81	5.31	6.39
1947.....											4.96	5.49	6.60
1948.....												6.12	7.35

\*1937 to June 30, 1949.

†Assuming a \$2.50 annual dividend for 1949 based on the June payment of \$1.25 per share.



### ***Book Value vs. Market Value:***

At the present time the market value of shares of most banks is somewhat lower than the per share book, or so called "break up," value. There are a few outstanding exceptions, among which Bank of America is included.

At June 30, 1949 the market value of the Bank's stock exceeded the book value by slightly more than \$10 per share. Since 1937 the market value of the Bank's stock has usually exceeded book value.

Book value, among other things, is regarded as liquidation value, the theoretical value to be expected in winding up the affairs of a concern and going out of business. On the other hand, the market value of a stock usually does not represent a company's going-out-of-business value but its staying-in-business value.

Earnings expectancy and past earning power, consistency of dividends and growth of dividends, management competence and area served are some of the reasons why the Bank's shares sell in excess of the book value.

Market value of a bank stock, among other things, reflects the earning power of deposits (which are debts owing to the depositors), the possession and use of which is a privilege accorded to banks by virtue of the peculiar nature of their business and the strict regulations of law. In the case of Bank of America, a high percentage of deposits are savings and time accounts, a fact which permits a higher loan-deposit ratio and a greater ratio of real estate loans than feasible for most commercial banks. Lending money, of course, is more productive of earnings than the purchase of government securities.

Market value also reflects the advantages of a successful operating policy. For example, by emphasizing a policy of small loans to hundreds of thousands of people, which loans are usually arranged so that the borrower pays a regular monthly installment, the Bank has a high rate of monthly pay-back compared to total loans, a fact which also permits a high loan-deposit ratio. In 1948, installment loans of all classes combined were being liquidated at the rate of about \$100,000,000 a month. The rate of pay-off can be compared to the 1948 volume of about \$1,267,000,000 in retail and wholesale installment credit loans made. For the 12 months ended November 30, 1948, real estate loan repayments amounted to about \$258,000,000, an average monthly rate of approximately \$21,500,000.



### ***The Book Value Record:***

The book value of Bank of America stock has shown substantial growth—from \$13.86 at December 31, 1937, to \$29.50 at June 30, 1949.

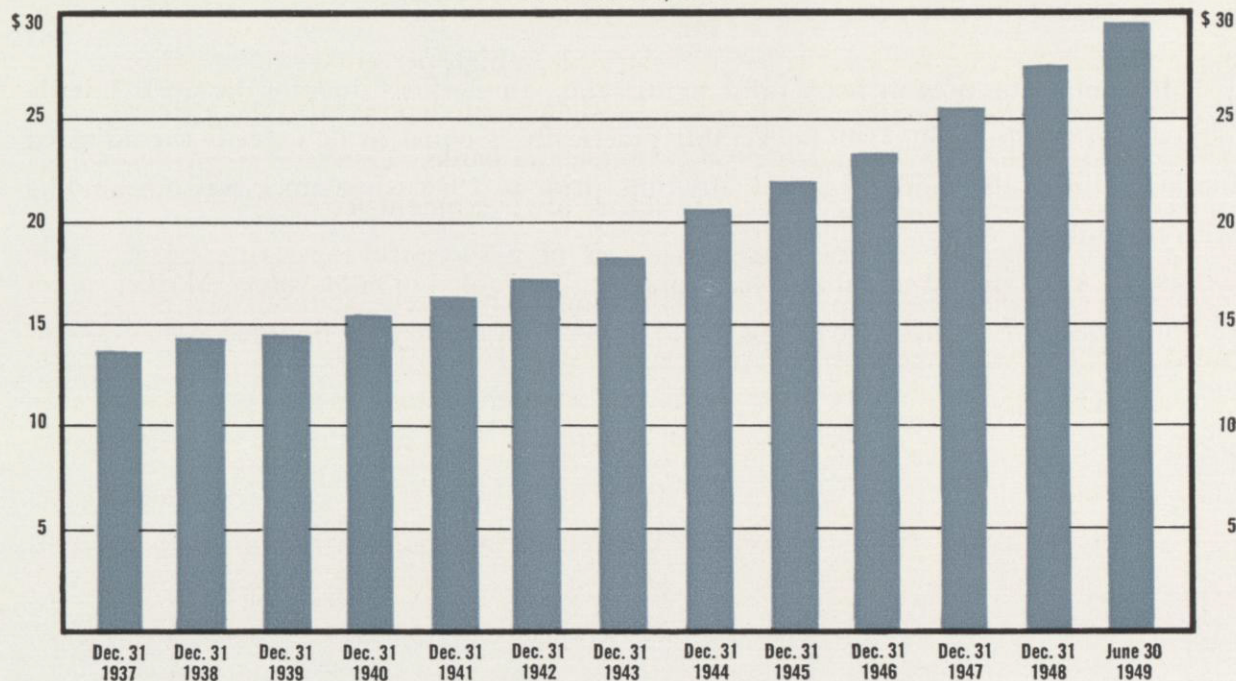
Dividend distributions in recent years have taken about half of net profits. Earnings have been added to book value and other additions have been made. In addition, certain assets have increased in value.

The yearly growth in book value and a comparison of the June 30, 1949 book value figure with the year-end values 1937-1948 are included in the tabulation "Growth in Book Value of Bank of America Stock at June 30, 1949, Over Preceding Year-end Values," which appears on the following page. The tabulation shows, among other things, that the June 30, 1949, book value constituted an increase of \$1.74 per share over the adjusted book value at December 31, 1948, a period of 6 months, and a gain of \$8.76 per share

#### **BOOK VALUE PER SHARE OF COMMON STOCK**

(Adjusted for Stock Dividends)

1937—June 30, 1949



The chart shows the increase in common stock book value year by year since 1937.



over the adjusted book value at December 31, 1944, a period of four years and six months. The increase in book value for the full period shown is approximately 113%.

**GROWTH IN BOOK VALUE OF BANK OF AMERICA STOCK  
AT JUNE 30, 1949, OVER PRECEDING YEAR-END VALUES**

(ADJUSTED FOR STOCK DIVIDENDS)

	Adjusted Book Value*	Growth in Book Value to June 30, 1949	Percentage Growth in Book Value to June 30, 1949	Term of Years	
June 30, 1949 .....	\$29.50	—	—		
Dec. 31, 1948 .....	27.76	\$ 1.74	6.27%	0 yrs.	6 mos.
1947 .....	25.56	3.94	15.41	1	6
1946 .....	23.57	5.93	25.16	2	6
1945 .....	21.81	7.69	35.26	3	6
1944 .....	20.74	8.76	42.24	4	6
1943 .....	18.27	11.23	61.47	5	6
1942 .....	17.17	12.33	71.81	6	6
1941 .....	16.67	12.83	76.96	7	6
1940 .....	15.79	13.71	86.83	8	6
1939 .....	14.86	14.64	98.52	9	6
1938 .....	14.48	15.02	103.73	10	6
1937 .....	13.86	15.64	112.84	11	6

\*Exclusive of "Reserve for Possible Loan Losses," which on June 30, 1949 was equal to \$3.91 per share.

In comparing present book value figures and past market values for the stock, it is observed that the June 30, 1949 book value practically is equal to or exceeds the adjusted market value of the Bank's shares at any time prior to 1945 when stock was outstanding with the public.

Since 1939 the Bank's shares have practically doubled in book value. Market values on the same adjusted basis have kept ahead of book value and have doubled also.



## Explanatory Notes

"Market Range" and "Closing Markets for the Year" for Bank of America Common Stock were based on bank stock data published by an independent statistical organization. The year-end figures were checked against our records for general agreement. The market records for 1945 and for June 30, 1949, however, have been based on our own reports.

Earnings and book values have been based on figures furnished us by the Bank, and adjusted, where necessary, to conform to the present method of reporting earnings and capitalization. The Record of Growth of the Bank, 1904 to date, interim earnings for the first 6 months of 1948 and 1949, and certain 1949 statistics relating to number of depositors, loan accounts and so on, were based also on information furnished us by the Bank.

Adjustments for the two stock dividends have been made by us on the basis of the number of shares outstanding before and after such dividends.

California statistics as to population, income and areas were based on reports of the Research Department of the California State Chamber of Commerce.



# Record of Bank of America Common Stock\*—1937-1949—

	1937	1938	1939	1940
<b>Certain Market Statistics:</b>				
A. Market Range for Year:				
High .....	\$30.50	\$25.25	\$19.50	\$20.25
Low .....	19.25	14.875	15.00	15.125
Closing for Year .....	23.00	18.50	17.875	19.375
B. Year-end "Book Value" .....	\$13.86	\$14.48	\$14.86	\$15.79
C. Share Earnings .....	\$1.61	\$1.82	\$1.55	\$2.14
D. Cash Dividends .....	\$1.10	\$1.20	\$1.20	\$1.20
<b>Market Value at June 30, 1949† compared with Market Value in Prior Years:</b>				
A. Increase in Market Value Highs to June 30, 1949 .....	\$9.25	\$14.50	\$20.25	\$19.50
B. Percent Increase .....	30.33%	57.43%	103.85%	96.30%
C. Increase in Market Value Lows to June 30, 1949 .....	\$20.50	\$24.875	\$24.750	\$24.625
D. Percent Increase .....	106.49%	167.23%	165.00%	162.81%
E. Increase in "Closing Market for the Year" to June 30, 1949 ..	\$16.75	\$21.25	\$21.875	\$20.375
F. Percent Increase .....	72.83%	114.86%	122.38%	105.16%
G. Term of Example in Years .....	11½ yrs.	10½ yrs.	9½ yrs.	8½ yrs.
<b>1948 Share Earnings compared with Share Earnings of Prior Years:</b>				
A. Excess of 1948 Share Earnings over Share Earnings of Prior Years .....	\$2.98	\$2.77	\$3.04	\$2.45
B. Percent Increase .....	185.09%	152.20%	196.13%	114.49%
C. Term of Example in Years .....	11	10	9	8
<b>1949 Indicated Dividend† compared with Cash Dividends in Prior Years:</b>				
A. Excess of Indicated 1949 Dividend† per Share over Dividends of Prior Years .....	\$1.40	\$1.30	\$1.30	\$1.30
B. Percent Increase .....	127.27%	108.33%	108.33%	108.33%
C. Term of Example in Years .....	12	11	10	9
<b>Income Yields based on Markets for Prior Years and 1949 Indicated Dividend:</b>				
A. Income Yield at time stock was bought, assuming bought at high for year .....	3.61%	4.75%	6.15%	5.93%
A-1. Income Yield on the basis of 1949 Indicated Dividend,† assuming stock bought at high for year and still held .....	8.20%	9.90%	12.82%	12.35%
B. Income Yield at time stock was bought, assuming bought at low for year .....	5.71%	8.07%	8.00%	7.93%
B-1. Income Yield on the basis of 1949 Indicated Dividend,† assuming stock bought at low for year and still held .....	12.99%	16.81%	16.67%	16.53%
C. Income Yield at time stock was bought, assuming bought at close of year .....	4.78%	6.49%	6.71%	6.19%
C-1. Income Yield on the basis of 1949 Indicated Dividend,† assuming stock bought at end of year and still held .....	10.87%	13.51%	13.99%	12.90%
D. Term of Example in Years .....	12	11	10	9
<b>Book Value:</b>				
A. Growth in Book Value to June 30, 1949 .....	\$15.64	\$15.02	\$14.64	\$13.71
B. Percent Increase .....	112.84%	103.73%	98.52%	86.83%
C. Term of Example in Years .....	11½ yrs.	10½ yrs.	9½ yrs.	8½ yrs.

\*Adjusted for the two common stock dividends, one of 66⅔% in 1945 and one of 20% in 1949.

†Indicated rate of \$2.50 for year 1949 based on June payment of \$1.25 per share.

( ) Indicates decrease.



## Market Price, Book Value, Earnings, Dividends and Income Yields

1941	1942	1943	1944	1945	1946	1947	1948	To June 30, 1949
\$19.375	\$18.25	\$22.875	\$27.25	\$41.25	\$45.375	\$39.00	\$39.00	\$44.50
16.250	13.875	16.50	21.875	26.125	34.00	33.125	32.50	33.375†
17.125	17.00	21.875	26.125	39.625	39.125	37.875	34.00	—
\$16.67	\$17.17	\$18.27	\$20.74	\$21.81	\$23.57	\$25.56	\$27.76	\$29.50
\$2.08	\$2.00	\$2.30	\$2.23	\$2.40	\$2.83	\$3.87	\$4.59	*
\$1.20	\$1.20	\$1.20	\$1.20	\$1.33	\$1.67	\$1.88	\$2.08	†
\$20.375	\$21.50	\$16.875	\$12.50	(\$1.50)	(\$5.625)	\$0.75	\$0.75	(\$4.75)
105.16%	117.81%	73.77%	45.87%	(3.64%)	(12.40%)	1.92%	1.92%	(10.67%)
\$23.500	\$25.875	\$23.250	\$17.875	13.625	\$5.75	\$6.625	\$7.25	\$6.375
144.62%	186.49%	140.91%	81.71%	52.15%	16.91%	20.00%	22.31%	19.10%
\$22.625	\$22.750	\$17.875	\$13.625	\$0.125	\$0.625	\$1.875	\$5.75	—
132.12%	133.82%	81.71%	52.15%	0.03%	1.60%	4.95%	16.91%	—
7½ yrs.	6½ yrs.	5½ yrs.	4½ yrs.	3½ yrs.	2½ yrs.	1½ yrs.	½ yr.	—
\$2.51	\$2.59	\$2.29	\$2.36	\$2.19	\$1.76	\$0.72	—	—
120.67%	129.50%	99.57%	105.83%	91.25%	62.19%	18.60%	—	—
7	6	5	4	3	2	1	—	—
\$1.30	\$1.30	\$1.30	\$1.30	\$1.17	\$0.83	\$0.62	\$0.42	—
108.33%	108.33%	108.33%	108.33%	87.97%	49.70%	32.98%	20.19%	—
8	7	6	5	4	3	2	1	—
6.19%	6.58%	5.25%	4.40%	3.22%	3.68%	4.82%	5.33%	—
12.90%	13.70%	10.93%	9.17%	6.06%	5.51%	6.41%	6.41%	—
7.38%	8.65%	7.27%	5.48%	5.09%	4.91%	5.68%	6.40%	—
15.38%	18.02%	15.15%	11.43%	9.57%	7.35%	7.55%	7.69%	—
7.01%	7.06%	5.49%	4.59%	3.36%	4.27%	4.96%	6.12%	—
14.60%	14.71%	11.43%	9.57%	6.31%	6.39%	6.60%	7.35%	—
8	7	6	5	4	3	2	1	—
\$12.83	\$12.33	\$11.23	\$8.76	\$7.69	\$5.93	\$3.94	\$1.74	—
76.96%	71.81%	61.47%	42.24%	35.26%	25.16%	15.41%	6.27%	—
7½ yrs.	6½ yrs.	5½ yrs.	4½ yrs.	3½ yrs.	2½ yrs.	1½ yrs.	½ yr.	—

\*Earnings for the six months ending June 30, 1949, amounted to \$3.00 per share. Loan losses for this period, amounting to \$1,458,393, were charged to "Reserve for Possible Loan Losses," to which reserve an annual allocation is customarily made at the year-end for losses which may develop in the future.

†Market at June 30, 1949 was approximately 39¼-40¾. For this tabulation, a medium figure of 39¾ has been utilized.



*Bank of America N. T. & S. A.*

*Condensed Statement of Condition June 30, 1949*

RESOURCES

Cash in Vault and in Federal Reserve Bank .....	\$687,006,984.70	
Due from Banks .....	288,238,043.20	
Total Cash .....		\$ 975,245,027.90
United States Government Obligations, direct and fully guaranteed .....	1,563,604,077.72	
State, County, and Municipal Bonds .....	300,990,957.59	
Other Bonds and Securities .....	143,454,811.67	
Stock in Federal Reserve Bank .....	7,188,800.00	
Loans and Discounts .....	2,733,932,853.85	
Accrued Interest and Accounts Receivable .....	19,913,196.99	
Bank Premises, Furniture, Fixtures, and Safe Deposit Vaults .....	44,500,860.45	
Other Real Estate Owned .....	217,109.54	
Customers' Liability on Account of Letters of Credit and Acceptances, and on Endorsed Bills and Notes .....	55,191,350.93	
Other Resources .....	889,623.35	
TOTAL RESOURCES .....		<u>\$5,845,128,669.99</u>

LIABILITIES

Capital .....	\$127,975,650.00	
Surplus .....	111,650,000.00	
Undivided Profits .....	57,653,373.06	
Reserves .....	4,778,309.83	
Total Capital Funds .....		\$ 302,057,332.89
Reserve for Possible Loan Losses .....		40,047,120.18
Deposits:		
Demand .....	\$2,799,079,905.21	
Savings and Time .....	2,608,591,665.69	5,407,671,570.90
Liability for Letters of Credit and as Acceptor of and Endorser on Acceptances, Bills, and Notes .....		56,360,669.18
Reserve for Interest Received in Advance .....		13,031,565.70
Reserve for Interest, Taxes, etc. ....		25,960,411.14
TOTAL LIABILITIES .....		<u>\$5,845,128,669.99</u>

THIS STATEMENT INCLUDES FIGURES OF THE BANK'S FOREIGN BRANCHES



# Bank of America N. T. & S. A.

## Comparative Three Year Summary of Earnings\*

	Year Ending December 31,		
	1946	1947	1948
<b>CURRENT OPERATING EARNINGS:</b>			
Interest on loans.....	\$ 57,696,914	\$ 96,954,404	\$124,161,602
Interest and dividends on securities (after amortization) and net profits from sales of securities†..	47,288,406	39,849,722	29,968,341
Other current operating earnings.....	22,166,867	23,071,470	26,051,772
Total Operating Earnings.....	<u>\$127,152,187</u>	<u>\$159,875,596</u>	<u>\$180,181,715</u>
<b>CURRENT OPERATING EXPENSES:</b>			
Interest paid.....	\$ 17,012,379	\$ 23,670,735	\$ 30,186,722
Salaries and wages (including employees' profit-sharing participation of 1946, \$1,963,574; 1947, \$2,094,235; 1948, \$2,279,277) .....	38,700,355	44,766,995	48,653,474
Provision for taxes and assessments.....	15,398,417	27,019,912	31,754,311
Other current operating expenses.....	13,382,116	16,827,420	17,764,028
Total Operating Expenses.....	<u>\$ 84,493,267</u>	<u>\$112,285,062</u>	<u>\$128,358,535</u>
NET CURRENT OPERATING EARNINGS.....	<u>\$ 42,658,920</u>	<u>\$ 47,590,534</u>	<u>\$ 51,823,180</u>
Addition to Reserve for Possible Loan Losses.....	13,696,176	8,000,000	4,770,608‡
NET PROFITS.....	<u>\$ 28,962,744</u>	<u>\$ 39,590,534</u>	<u>\$ 47,052,572</u>
<b>DIVIDENDS PAID:</b>			
Preferred stock.....	\$ 19,680	—	—
Common stock.....	17,043,363	\$ 19,196,348	\$ 21,329,275
RETIREMENT OF PREFERRED STOCK.....	197,550	—	—
NET ADDITION TO CAPITAL FUNDS.....	<u>11,702,151</u>	<u>20,394,186</u>	<u>25,723,297</u>
	<u>\$ 28,962,744</u>	<u>\$ 39,590,534</u>	<u>\$ 47,052,572</u>

\*Earnings figures exclude Loan Losses, which are charged against "Reserve for Possible Loan Losses."

†Includes net profits from sales of securities (including recovery of amortization reserve) of: 1946, \$2,973,719; 1947, \$6,368,914; 1948, \$128,390.

‡The sum of \$3,229,392 was transferred from Undivided Profits to Reserve for Possible Loan Losses to adjust the reserve for the years 1944, 1945 and 1946, in keeping with the most recent rulings of the Bureau of Internal Revenue.



## Bank of America N. T. & S. A.

### Computation as to Source of Total Capital Funds Increase — 1937-1948

<i>Total capital funds:</i>	
At beginning of 1937.....	\$106,995,170.76
At end of 1948.....	284,184,798.05
Increase .....	<u>\$177,189,627.29</u>
<i>The increase is derived from:</i>	
Net profits.....	\$267,404,120.53
Paid-in common stock.....	10,000,000.00
Paid-in preferred stock.....	12,000,000.00
Paid-in surplus.....	49,161,530.00
Other .....	100,630.94
	<u>\$338,666,281.47</u>
Less:	
Retirement of preferred stock.....\$	3,993,460.00
Premium on preferred stock retired.....	5,990,190.00
Dividends on common stock.....	146,368,985.50
Dividends on preferred stock.....	5,124,018.68
	<u>161,476,654.18</u>
Increase in total capital funds.....	<u>\$177,189,627.29</u>

### Comparative Summary of Earnings For Six Months Ending June 30, 1948 and June 30, 1949

	1st Half 1948	1st Half 1949
<b>CURRENT OPERATING EARNINGS:</b>		
Interest on loans.....	\$59,646,369.61	\$66,578,231.02
Interest and dividends on securities (after amortization) and net profits from sales of securities.....	14,996,900.55	15,088,383.63
Other current operating earnings.....	12,534,306.03	13,881,180.82
	<u>\$87,177,576.19</u>	<u>\$95,547,795.47</u>
<b>CURRENT OPERATING EXPENSES:</b>		
Interest paid.....	\$14,796,731.03	\$16,121,739.06
Salaries and wages (including employees' profit sharing participation of): 1st half 1948—\$429,452.32, 1st half 1949—\$451,513.70.....	23,416,243.26	24,130,494.00
Provision for taxes and assessments.....	12,463,409.72	15,427,732.55
Other current operating expenses.....	8,984,878.30	9,197,730.02
	<u>\$59,661,262.31</u>	<u>\$64,877,695.63</u>
<b>NET CURRENT OPERATING EARNINGS.....</b>	<b>\$27,516,313.88</b>	<b>\$30,670,099.84†</b>
Per share.....	\$2.69*†	\$3.00†
<b>DIVIDENDS PAID.....</b>	<b>\$10,664,637.50</b>	<b>\$12,797,565.00</b>
Per share.....	\$1.04*†	\$1.25
<b>ADDITION TO CAPITAL FUNDS.....</b>	<b>\$16,851,676.38</b>	<b>\$17,872,534.84†</b>

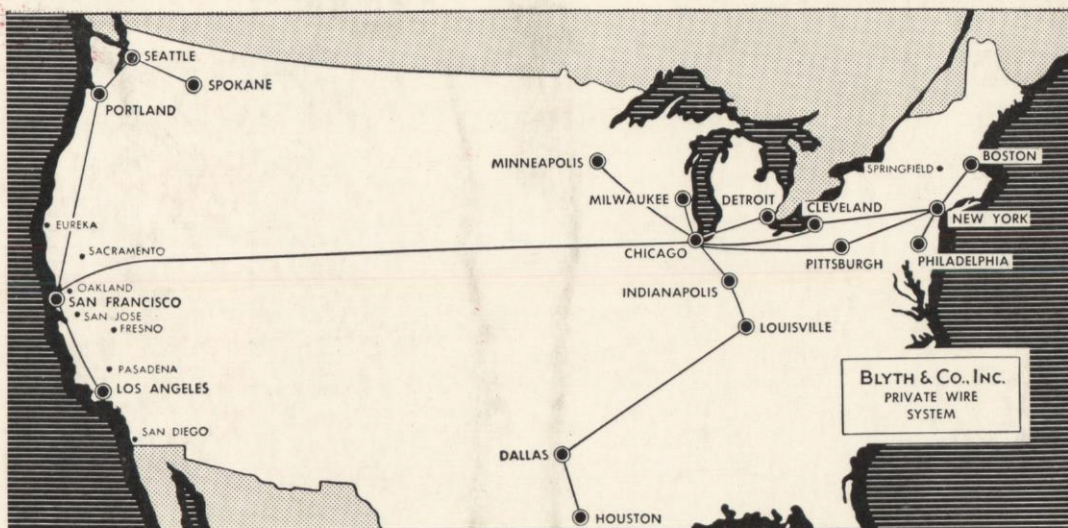
\*Adjusted for 1949 stock dividend of 20%.

†Loan losses for the first six months of 1948 and for the same period of 1949, amounting to \$1,776,545 and \$1,458,393, respectively, were charged to "Reserve for Possible Loan Losses," to which reserve an annual allocation is customarily made at the year-end for losses which may develop in the future.









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